DECLASSIFIED Pet 6 LIBYA (E)

Department of State TELEGRAM

(64) XR Pet 14

SECRET 256 XR Pet 3 OPEC

EXCISE

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44 8
ACTION E-15

INFO OCT-01 AF-12 ARA-12 EUR-20 NEA-13 RSR-01 SS-20 NSC-10
L-04 CIAE-00 INR-08 NSAE-00 RSC-01 PM-05 JUS-02 OEP-01
COM-08 INT-06 /139 W

115959

P 301608Z JAN 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 7367
INFO USINT ALGIERS PRIORITY
AMEMBASSY BENGHAZI
USMISSION EC BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
USMISSION OECD PARIS

DEPARTMENT OF STATE A/CDC, MR
REVIEWED BY CP DATE 6/19/81
PORTIONS DENIED AS INDICATED

S E C R E T SECTION 1 OF 2 TRIPOLI 225

SUBJECT : OIL SITUATION: LIBYAN DEVELOPMENTS

REFERENCE: TRIPOLI 213 (NOTAL)

1. AT INFORMAL MEETING WE HOSTED AFTERNOON JAN. 28, [redacted] INDUSTRY NEGOTIATING TEAM BRIEFED US, UK, FRENCH, GERMAN AND DUTCH CHIEFS OF MISSION ON RESULTS OF INDUSTRY'S INITIAL EFFORT MADE THAT DAY TO OPEN NEGOTIATIONS WITH LARG. RESULTS OF THIS MEETING SUMMARIZED IN OIL SITREP NO. 15 (STATE 15162) - [redacted] WE WOULD ADD FOLLOWING QUALIFICATIONS TO SUMMARY: B4 B4

A) DECISION FOR PIERCY TO MEET LARG NEGOTIATORS ALONE RATHER THAN WITH FULL INDUSTRY COMMITTEE WAS REACHED BY

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1 RIPOLI 255 1/30/71

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INDISTRY TEAM ON BASIS OF MABRUK'S REMARK, MADE UPON HIS RETURN FROM TEHRAN JANUARY 27, THAT HE UNDERSTOOD PIERCY WAS IN TRIPOLI TO MEET WITH LARG AND THAT HE WOULD BE RECEIVED ONLY AS REPRESENTATIVE OF ESSO.

[redacted] B4

C) EMBASSY (AND INDUSTRY REPS) BELIEVE THAT LARG AVOIDED OPENING NEGOTIATIONS IN JANUARY 28 MEETING PRIMARILY TO AWAIT OUTCOME OF TEHRAN TALKS -- RATHER THAN BECAUSE LARG IS UNCERTAIN ABOUT TACTICS OR OBJECTIVES.

[redacted] B4

A)

[redacted] B4

E)

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[redacted]

[redacted] B4

4. [redacted] INDUSTRY TEAM'S INITIAL EFFORT HAD NOT BEEN FUTILE AND THAT SOME PROGRESS HAD BEEN MADE TOWARD LAYING BASIS FOR NEGOTIATIONS, ALTHOUGH [redacted] B4 NOT SANGUINE THAT INDUSTRY WOULD READILY BE ABLE TO FIND MEANS TO ACCOMMODATE LARG'S DEMANDS.

5. COMMENT: WE SEE TWO HOPEFUL ELEMENTS AND ONE POTENTIALLY SERIOUS SUBSTANTIVE PROBLEM - BEYOND THOSE LARG ALREADY HAS RAISED - IN LARG'S HANDLING OF INDUSTRY CONTACTS TO DATE:

A) DEPPRIMIN JALLUD, SO FAR, HAS AVOIDED DIRECT INVOLVEMENT IN PRELIMINARY TALKS [redacted] B1

AS GOOD TACTICIAN, JALLUD SEEMS TO BE PRESERVING HIS OWN HEAVY GUNS UNTIL NEGOTIATION SEIGE HAS BEGUN IN EARNEST.

B) BY SUGGESTING WILLINGNESS TO CONDUCT NEGOTIATIONS WITH ONE COMPANY - TACITY UNDERSTOOD TO BE ACTING AS INDUSTRY LEADER - LARG HAS OFFERED METHOD FOR OVERCOMING PROCEDURAL HURDLE.

Pet-6-Libya

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44-S
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AMEMBASSY PARIS
AMEMBASSY TEHRAN
AMEMBASSY THEHAGUE
USMISSION/OECD/PARIS

S E C R E T SECTION 2 OF 2 TRIPOLI 225

[redacted] B1

[redacted] B1, B5

[redacted]

PALMER

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